Government of Himachal Pradesh has not made a specific request for 'Special Economic Package'. However, the State Government had requested for special central assistance of Rs. 553 crores in the current year. This has been agreed to.

FDI cap for Insurance Sector

*290. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to increase FDI cap for insurance sector from 26 per cent to 49 per cent;

(b) if so, the details thereof and the reasons therefor;

(c) whether Indian promoter fo the Insurance sector will be forced to bring down their holding to 26 per cent in ten years period;

(d) whether this conditon would prove detrimental to Indian companies against the foreign promoter;

(e) if so, the justification thereof?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e) An announcement has been made in the Budget Speech 2004-05 for increase in the Foreign Direct Investment (FDI) from 26% to 49% in the insurance sector. The insurance companies will periodically require additional capital for growth of business. However, Indian promoters, at times, due to financial constraints are not in a position to contribute additional capital proportionate to their share-holding. There is, therefore, demand for increase in foreign equity in an insurance company.

No legislative proposal has been finalized so far. The concerns of all stake holders, including domestic players, will be duly addressed at the time of considering legislation.

Headquarters of Banks in U.P.

*291. DR. AKHILESH DAS: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that none of the nationalised banks except Small Industries Development Bank of India, has its headquarters in Uttar Pradesh, depsite the immense growth potential of the State;

(b) the industrial, economic and agricultural growth registered by Uttar Pradesh compared to other States during the years 2002-03, 2003-04 and the likely growth fo the current year; and

(c) whether there is a proposal to set up the headquarters of one or more nationalised banks in Uttar Pradesh?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) No nationalised bank has its Headquarters in Uttar Pradesh.

(b) As reported in the Economic Survey 2003-04, the net State domestic product of U.P. & Uttaranchal at current prices was Rs. 1,51,683 crores (Provisional) in 2000-01, Rs. 1,64,074 crores (Quick) in 2001-02 and Rs. 1,70,424 crores (Advance) in 2002-03. In 2002-2003, the growth has been 3.87% over the previous year. As against this, the national gross domestic product registered a growth of 7.6% in the same year.

(c) Nationalised banks inherited the headquarters set up from the erstwhile private banks that were nationalized.

Grants to States for upgradation of District Administration

*292. SHRI JANARDHANA POOJARY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government supplement and release grants on the recommendations received from the Eleventh Finance Commission for upgradation of district administration;

(b) if so, the details of the funds received from EFC, supplemented by Government and released to the State Governments during the last three years, year-wise and State-wise;

(c) whether it is a fact that full grants have not been released to some States; and

(d) if so, the details thereof and the present status in this regard and the targeted date for settlement of the claims?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) The Government had accepted the recommendations of Eleventh Finance Commission (EFC) for giving grants for upgradation of district administration. A statement indicating the grants recommended by EFC and year-wise releases made is attached. (*See* below) The grants are being released on fulfillment of the conditions laid down by the EFC.